

## Message Text

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PAGE 01 BOGOTA 00305 112101Z  
ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 TRSE-00 AID-05 OMB-01 CIEP-01  
IGA-02 XMB-02 CIAE-00 INR-07 NSAE-00 FEA-01 OES-06  
INRE-00 SSO-00 /039 W  
-----112108Z 009386 /71

O 112031Z JAN 77  
FM AMEMBASSY BOGOTA  
TO SECSTATE WASHDC IMMEDIATE 9250

C O N F I D E N T I A L BOGOTA 00305

E.O. 11652: GDS  
TAGS: EFIN, IDB, EAID, ENRG,CO  
SUBJECT: PROPOSED IDB LOAN FOR CARTAGENA REFINERY

REF: STATE 003661, BOGOTA 00211

1. ECON COUNSELOR HAS DISCUSSED PROPOSED REFINERY LOAN WITH MINISTER OF FINANCE, ABDON ESPINOSA, AND VICE MINISTER OF MINES, DIONISIO ARAUJO. ESPINOSA, WHO IS NEW TO THE JOB AND IS FOCUSING HIS ATTENTION ON REDUCING THE RATE OF DOMESTIC INFLATION, SAID THAT HE WAS AWARE OF THE LOAN APPLICATION BUT KNEW NOTHING OF THE DETAILS.

2. ARAUJO, WHO IS ACTING MINISTER DURING THE TEMPORARY ABSENCE (ON VACATION) OF JAIME GARCIA PARRA, COULD NOT STATE IF THE GOC HAD ATTEMPTED TO OBTAIN TOTAL FINANCING FOR THE PROJECT FROM NON-IFI SOURCES, BUT HE DID NOTE THAT PART OF THE FINANCING WOULD COME FROM SUPPLIERS CREDITS OR FROM ECOPETROL'S OWN RESOURCES. AS REGARDS THE INTERNAL PRICE STRUCTURE FOR PETROLEUM PRODUCTS, HE SAID THAT IT WOULD BE POLITICALLY IMPOSSIBLE FOR THE GOC TO RAISE PRICES TO WORLD LEVELS OVERNIGHT. GIVEN THIS SITUATION, AND FACED WITH RAPIDLY RISING PRICES FOR IMPORTED PRODUCTS, THE REFINERY EXPANSION PROJECT REPRESENTS THE "LEAST COST" SOLUTION FOR  
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COLOMBIA.

3. COMMENT: THE FACT THAT THE GOC WOULD SEEK IDB FINANCING FOR THIS PROJECT HAS BEEN PUBLIC KNOWLEDGE FOR NEARLY TWO YEARS (SEE IBRD REPORT NO. 762-CO, MAY 28, 1975). WHILE NEITHER ESPINOSA NOR ARAUJO RAISED THIS POINT WITH US, WE SHOULD BE PREPARED FOR

THE QUESTION AS TO WHY WE HAVE WAITED UNTIL NOW TO  
INFORM THE COLOMBIANS DIRECTLY OF OUR OPPOSITION TO  
IDB FINANCING FOR THE PROJECT PARTICULARLY IF, AS  
NOTED IN STATE 003661, WE HAVE TAKEN A DIM VIEW OF  
THE IDB ENGAGING IN REFINERY FINANCING SINCE 1973.  
SANCHEZ

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** INFLATION, ECONOMIC CONDITIONS, LOANS, PROGRAMS (PROJECTS)  
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**Copy:** SINGLE  
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**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
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**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1977BOGOTA00305  
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**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
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**TAGS:** EFIN, EAID, ENRG, CO, IDB  
**To:** STATE  
**Type:** TE  
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**Review Markings:**  
Margaret P. Grafeld  
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